



CT TEACHERS' RETIREMENT BOARD  
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March 7, 2014

Good morning Chairpersons Walker and Bye and all other members of the committee. I am Darlene Perez, Administrator of the Connecticut Teachers' Retirement Board.

I am here today to request your support for our legislative package which includes:

SB 341, An Act Concerning Professional Fees For Administration of the Retired Teachers' Health Insurance Programs;

HB 5396, An Act Concerning Retention of the Co-participant Option Under The Teachers' Retirement System; and

HB 5397 An Act Concerning Interest on Unclaimed Contributions For Inactive Members of the Teachers' Retirement System and The Elimination Of Certain Obsolete Language

SB 341 Eliminates the \$150,000 annual ceiling for professional fees paid for out of the Teachers' Health Insurance Fund. The limit is too restrictive – only one of five responses to our bid for a health plan consultant fell within the limit. Additionally, we need to perform health plan claims audits that are not allowed for in the current level of fees, which typically pay for themselves, therefore the money is often returned back to the fund. (\$500k per year = 50 cents per month per teacher- no new contribution required to cover this)

HB 5396 Allows a divorcing retired member who opted into Plan D for retirement purposes to retain Plan D upon divorce. Plan D is a retirement option that continues monthly benefits for life to the co-participant upon the member's death. Under current laws the Plan D is void upon divorce. The portion of the member's pension earned within the marriage is considered a marital asset with property rights, subject to division upon divorce. This bill will allow the asset to be divided in such a manner that each party will be guaranteed a lifetime income on his or her property right. The Plan D benefit is actuarially reduced so there would be no cost to add this provision.

HB 5397 Allows us to cease paying interest on accounts of non vested members who have been inactive for ten years. The objective is to create a financial incentive for these former teachers to withdraw their funds and effectively eliminate the costs associated with maintaining their accounts. The other piece of this bill is basically a technical change which would delete some obsolete language regarding a pension reserve account that was eliminated several decades ago.